

Grantee: Chattanooga, TN

Grant: B-08-MN-47-0001

January 1, 2010 thru March 31, 2010 Performance Report

Grant Number:

B-08-MN-47-0001

Obligation Date:**Grantee Name:**

Chattanooga, TN

Award Date:**Grant Amount:**

\$2,113,727.00

Contract End Date:**Grant Status:**

Active

Review by HUD:

Reviewed and Approved

QPR Contact:

Sandra Gober

Disasters:**Declaration Number**

NSP

Plan Description:

A. AREAS OF GREATEST NEED Provide summary needs data identifying the geographic areas of greatest need in the grantees jurisdiction. Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdictions consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the States own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entitys own plan. HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data, in developing this section of the Substantial Amendment. Response: The HUD generated data for the Neighborhood Stabilization Program was analyzed to examine the following factors: Number of foreclosures per census tract with area incomes = 120% of median income Abandonment foreclosure risk scores by census tracts and City Council Districts Ratio of the number of high mortgages and estimated number of foreclosures Number of vacant and abandoned properties within each census tract in the jurisdiction Number of abandoned, back tax, dilapidated residential structures, vacant lots and city-owned properties in the jurisdiction Existing and on-going projects in the jurisdiction that could complement the NSP The City of Chattanooga's areas of greatest need and focus for the use of Neighborhood Stabilization Program (NSP) funds was ascertained to be census tracts with high abandonment foreclosure risk scores of 9 and 10, and neighborhoods where at least 51% of the residents per capita income is =120% of median income. The analysis revealed that eighteen (18) census tracts in the jurisdiction fall within this grouping: 1. Census Tracts 1,2,3,4,8,11, 12,13, 19, 23, 24, 25, 26, 29, 30, 32, 33, and 115 and the corresponding Council Districts-1,5, 6, 7, 8, and 9 (six out of nine Council Districts). 2. Census Tracts 1, 2, 3, 4, 12 and 115 form the geographic boundaries of one of the Citys Weed and Seed Project site that is composed of neighborhoods in East Chattanooga (Avondale, Glenwood, Glenwood Heights, Orchard Knob, Bushtown, Churchville, Chamberlain, Judson Lane, Harriet Tubman, and Steiner). 3. Census Tracts 4, 8, 12, 14, 15, 19, 24, 25, 32, and 33 constitute the study area of the Citys Residential Survey and Documentation of Exterior Conditions Study. The study was conducted by J-Quad, a consultant firm that surveyed residential structures, vacant lots and structures. The study covered eighteen inner-city neighborhoods: Alton Park, Avondale, Bushtown, Cedar Hill, Churchville, Clifton Hills, East Chattanooga, Eastdale, East Lake, Glenwood, Hill City, Howard, Oak Grove, Orchard Knob, Piney Woods, Ridgedale, Highland Park, and M. L. King.

Recovery Needs:

Proposed funding to address effect of forecloser crisis:

| | |
|--------------------------------|-------------|
| NSP Administration | \$211,300 |
| Land Banking Activities | \$250,000 |
| New Construction/Redevelopment | \$1,052,427 |
| Demolition | \$100,000 |

| | |
|-----------|-------------|
| Financing | \$500,000 |
| Total | \$2,113,727 |

| Overall | This Report Period | To Date |
|---|--------------------|----------------|
| Total Projected Budget from All Sources | N/A | \$2,113,727.00 |
| Total CDBG Program Funds Budgeted | N/A | \$2,113,727.00 |
| Program Funds Drawdown | \$40,750.00 | \$40,750.00 |
| Obligated CDBG DR Funds | \$201,300.00 | \$201,300.00 |
| Expended CDBG DR Funds | \$0.00 | \$40,750.00 |
| Match Contributed | \$107,100.00 | \$107,100.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Program Income Drawdown | \$0.00 | \$0.00 |

Progress Toward Required Numeric Targets

| Requirement | Required | To Date |
|------------------------------------|--------------|--------------|
| Minimum Overall Benefit Percentage | 99.99% | 33.333% |
| Minimum Non-Federal Match | \$0.00 | \$107,100.00 |
| Limit on Public Services | \$317,059.05 | \$0.00 |
| Limit on Admin/Planning | \$211,372.70 | \$40,750.00 |
| Limit on State Admin | \$0.00 | \$0.00 |

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

| National Objective | Target | Actual |
|-------------------------------|--------------|--------------|
| NSP Only - LH - 25% Set-Aside | \$528,431.75 | \$528,440.00 |

Overall Progress Narrative:

This quarter has been used to establish policies, and procedures, develop processes, create program documents, and clearly define partners needed to quickly expedite the obligation of the NSP funds.

The City established an NSP project team to identify the city departments and processes that would be necessary in any NSP funded projects. A property acquisition process has been established that will expedite identifying, acquiring and developing eligible properties.

A Request for Qualifications was issued the purpose of which was to develop a list of pre-qualified vendors and partners for projects and services. As a result the City was able to identify NSP partners for potential shovel-ready projects. RFQ submissions were reviewed and scored, and partners were prioritized according to potential for immediacy of projects. Through site visits and additional follow-up conference calls, 4 immediate projects were identified with potential obligation of a majority of the NSP funds as soon as end of April. Others have been identified to do bulk of rehab work on foreclosed properties that may be acquired through these partners or by the City's General Services Department. In addition, realtors and agencies providing homebuyer counseling services were also identified. Two potential applicants were identified as entities to address 25% set-aside.

The NSP consultant was used in an aggressive effort to identify and catalog properties for acquisition. Priority areas were identified for targeting and focusing efforts A revised property acquisition process was presented to the City Planning Commission and City Council to speed up the Mandatory Referral Process for property acquisition which typically takes several months. The revision reduces the time to less than a month. The revision was approved by Planning Commission and City Council.

Thirty-two (32) Authorizations to Purchase were submitted for consideration, along with the preliminary Environmental Review Requests. The ATPs consisted primarily of foreclosures, with some vacant/abandoned ATPs in NSP Focus Neighborhoods. ATPs were prioritized by foreclosures in NSP Focus Neighborhoods, vacant/abandoned properties in NSP Focus Neighborhoods, and foreclosures in Areas of Greatest Need. Initial submissions were reviewed for next step in Property Acquisition process (contact sellers, begin negotiations for sales price). A Acquisition Matrix was developed and is use to assist in reviewing and determining the next step. To date, 27 properties (foreclosures, vacant lots) have been recommended for acquisition and are in stage of acquisition of contacting owners to start negotiations. However, a more immediate mechanism must be established to 1) move more quickly from recommendation to acquisition to reduce likelihood of 'lost' acquisition opportunities, and 2) make direct contact with actual property owners. As part of the screening process, APD will make initial contact with owner of record to determine property availability at recommendation and if listed owner is actual owner.

The City obligated \$24,000 for the rehabilitation of a foreclosed property that was acquired with HOME Investment funds. The project will provide permanent rental housing for families and individuals facing homelessness.

Project Summary

| Project #, Project Title | This Report Period | To Date | |
|--|------------------------|------------------------|------------------------|
| | Program Funds Drawdown | Project Funds Budgeted | Program Funds Drawdown |
| 100, NSP Administration | \$40,750.00 | \$211,300.00 | \$40,750.00 |
| 200, Land Banking Activities | \$0.00 | \$250,000.00 | \$0.00 |
| 300, New Construction/Redevelopment of Vacant Land | \$0.00 | \$1,052,427.00 | \$0.00 |
| 400, Demolition Activities | \$0.00 | \$100,000.00 | \$0.00 |
| 500, Financing Activities | \$0.00 | \$500,000.00 | \$0.00 |
| 9999, Restricted Balance | \$0.00 | \$0.00 | \$0.00 |

Activities

| | |
|---------------------------------|-------------------|
| Grantee Activity Number: | 100-01 |
| Activity Title: | Consultant |

Activity Category:

Administration

Project Number:

100

Projected Start Date:

06/15/2009

National Objective:

N/A

Activity Status:

Planned

Project Title:

NSP Administration

Projected End Date:

09/30/2009

Responsible Organization:

Neighborhood Services and Community Development

Overall
Jan 1 thru Mar 31, 2010
To Date

| | | |
|---|-------------|-------------|
| Total Projected Budget from All Sources | N/A | \$45,000.00 |
| Total CDBG Program Funds Budgeted | N/A | \$45,000.00 |
| Program Funds Drawdown | \$40,750.00 | \$40,750.00 |
| Obligated CDBG DR Funds | \$45,000.00 | \$45,000.00 |
| Expended CDBG DR Funds | \$0.00 | \$40,750.00 |
| Neighborhood Services and Community Development | \$0.00 | \$40,750.00 |
| Match Contributed | \$0.00 | \$0.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Program Income Drawdown | \$0.00 | \$0.00 |

Activity Description:

Consultant to develop an implementation plan for the effective and efficient use of NSP funds.

Location Description:

City Hall

Activity Progress Narrative:
Performance Measures

No Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources
Amount

No Other Funding Sources Found

Total Other Funding Sources

Grantee Activity Number: 100-03

Activity Title: Admin-Implementation Plan

Activity Category:

Administration

Activity Status:

Planned

Project Number:

100

Project Title:

NSP Administration

Projected Start Date:

08/03/2009

Projected End Date:

06/30/2010

National Objective:

N/A

Responsible Organization:

Neighborhood Services and Community Development

Overall

Jan 1 thru Mar 31, 2010

To Date

Total Projected Budget from All Sources

N/A

\$156,300.00

Total CDBG Program Funds Budgeted

N/A

\$156,300.00

Program Funds Drawdown

\$0.00

\$0.00

Obligated CDBG DR Funds

\$156,300.00

\$156,300.00

Expended CDBG DR Funds

\$0.00

\$0.00

Match Contributed

\$0.00

\$0.00

Program Income Received

\$0.00

\$0.00

Program Income Drawdown

\$0.00

\$0.00

Activity Description:

Funds will be used for administrative costs associated with implementing NSP initiatives.

Location Description:

Department of Neighborhood Services and Community Development 101 E. 11th Street, Suite 200 Chattanooga, TN 37402

Activity Progress Narrative:

Performance Measures

No Performance Measures found.

Activity Locations

No Activity Locations found.

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

Other Funding Sources**Amount**

No Other Funding Sources Found

Total Other Funding Sources

| | |
|---------------------------------|--|
| Grantee Activity Number: | 300-02 |
| Activity Title: | Housing for Households <= 50%AMI |

Activity Category:

Acquisition - general

Activity Status:

Planned

Project Number:

300

Project Title:

New Construction/Redevelopment of Vacant Land

Projected Start Date:

06/01/2009

Projected End Date:

05/31/2010

National Objective:

NSP Only - LH - 25% Set-Aside

Responsible Organization:

Neighborhood Services and Community Development

| Overall | Jan 1 thru Mar 31, 2010 | To Date |
|---|--------------------------------|----------------|
| Total Projected Budget from All Sources | N/A | \$528,440.00 |
| Total CDBG Program Funds Budgeted | N/A | \$528,440.00 |
| Program Funds Drawdown | \$0.00 | \$0.00 |
| Obligated CDBG DR Funds | \$0.00 | \$0.00 |
| Expended CDBG DR Funds | \$0.00 | \$0.00 |
| Neighborhood Services and Community Development | \$0.00 | \$0.00 |
| Match Contributed | \$107,100.00 | \$107,100.00 |
| Program Income Received | \$0.00 | \$0.00 |
| Program Income Drawdown | \$0.00 | \$0.00 |

Activity Description:

To remove barriers that in the past have hampered the conversion of abandoned and blighted land to better uses and to stabilize residential neighborhoods and return properties to the tax rolls, abandoned and or foreclosed upon properties, such as FHA owned properties, will be purchased at a discount for rehab (if possible) or redevelopment for housing for households at or below 120% AMI, of which a minimum of eight of will be available for households at or below 50% AMI. Each property considered for purchase will be appraised in accordance with the definition in the NSP regulations. That information will be used to negotiate a discount of, on average, at least 1% using the formula provided in the NSP regulations. Properties will be developed and or sold to qualified home buyers whose incomes do not exceed 120% of AMI (a minimum of eight (8) at or below 50% AMI) at discounts. The City will place a lien or land use restriction agreement on the property to ensure required use and long term affordability. New Construction/Redevelopment-Vacant land will be redeveloped by construction of new housing units to increase the stock of affordable rental and housing units for homeownership opportunities. The activities will be carried out by nonprofit organizations and private developers to construct, renovate, and manage projects in selected neighborhoods. Among the new construction, redevelopment activities will be projects that are designed to fulfill the need of addressing the use of the 25% set-aside to be used to benefit persons at 50% or below the median income. Homebuyer programs/projects will include a minimum of 8 hours of housing counseling by HUD Certified Counseling Agencies for those seeking to take part in the activity. Rental Housing and Homebuyer Activities For single family rental, lease purchase and home-ownership properties, the City of Chattanooga will use the HOME minimum affordability periods for the amount of NSP funds invested as shown below. Rental and homebuyer activities housing will remain affordable for not less than the applicable period, beginning after project completion for construction/rehabilitation and after closing for homebuyer activities. The affordability requirements will apply without regard to the term of any loan or mortgage or the transfer of ownership. The affordability requirements will be imposed by deed restrictions, covenants running with the land or other mechanisms approved by the City. The Grantee/City may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure to preserve affordability. The affordability restrictions will be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the

project or property. HOMEOWNERSHIP ACTIVITY NSP FUNDS AFFORDABILITY Financing, New Construction, Rehabilitation or Acquisition of Existing Housing < \$15,000 5 Years \$15,000 - \$40,000 10 Years Over \$40,000 15 Years RENTAL HOUSING ACTIVITY NSP FUNDS AFFORDABILITY Rehabilitation or Acquisition of Existing Housing < \$15,000 5 Years \$15,000 - \$40,000 10 Years Over \$40,000 15 Years Refinance of Rehabilitation Project Any \$ amount 15 Years New Construction or Acquisition of Newly Constructed Housing Any \$ amount 20 Years National Objective: Benefit low, moderate and middle income person i.e., <= 120% of area median income. Activity Type: NSP Eligible Use E) Redevelop demolished or vacant properties CDBG Eligible Activity: 24 CFR 570.201(a) Acquisition, (b)Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties, (i) Relocation, and (n)Direct homeownership assistance (as modified below). 204 Community based development organizations. NSP Eligible Use (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties. CDBG Eligible Activity: 24 CFR 570.201 (a) Acquisition (b) Disposition, (i) Relocation, and (n) Direct homeownership and preservation activities, for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity) Budget for Activity and Projected Units: Budget Units For Households <= 50% AMI \$528,431 8 For Households <= 120% AMI \$523,996 9 Totals \$1,052,427 17

Location Description:

NSP Target Area

Activity Progress Narrative:

City has obligated, via contract, \$24,000.00 in NSP funds toward the rehabilitation of property located at 1709 Elmdorf which was acquired by Quality Lifestlye Service with HOME funds. The property will serve as affordable rental for persons facing homelessness.

Performance Measures

| | This Report Period | | | Cumulative Actual Total / Expected | | |
|-----------------------------|--------------------|-----|-------|------------------------------------|-----|-------|
| | Low | Mod | Total | Low | Mod | Total |
| # of Properties | 0 | 0 | 1 | 0/0 | 0/0 | 1/8 |
| # of housing units | 0 | 0 | 1 | 0/0 | 0/0 | 1/8 |
| # of Households benefitting | 1 | 0 | 1 | 1/8 | 0/0 | 1/8 |

Activity Locations

| Address | City | State | Zip |
|---------------------|-------------|-------|-------|
| 1709 Elmdorf Street | Chattanooga | NA | 37406 |

Other Funding Sources Budgeted - Detail

No Other Match Funding Sources Found

| Other Funding Sources | Amount |
|--------------------------------|--------|
| No Other Funding Sources Found | |
| Total Other Funding Sources | |
